

Senate Bill 553

By: Senators Hudgens of the 47th and Chapman of the 3rd

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 33 of the Official Code of Georgia Annotated, relating to insurance, so as to
2 provide definitions; to provide for a catastrophic savings account, restrictions, tax credits,
3 distributions, and restrictions; to provide for certain emergency regulations by the
4 Commissioner; to provide for certain policy notifications; to create the Georgia Wind and
5 Hail Underwriting Association; to provide for plan of operations requirements for the
6 association; to provide for the association's membership and other requirements; to create an
7 advisory committee to study issues associated with reducing loss of life and mitigating
8 property losses due to hurricane, rising flood waters, or catastrophic windstorm or other
9 natural disaster; to provide for policy renewal notifications by insurers; to provide for public
10 hearings; to provide for rating plans factors in the coastal area; to provide for appointment
11 of an advisory committee; to provide for establishment of a loss mitigation grant program;
12 to provide for certain policies that may be nonrenewed; to provide for certain policy
13 cancellation requirements; to provide for Georgia coastal captive insurance companies
14 license requirements; to provide an effective date; to repeal conflicting laws; and for other
15 purposes.

16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

17 **SECTION 1.**

18 Title 33 of the Official Code of Georgia Annotated, relating to insurance, is amended by
19 adding a new chapter to read as follows:

20 "CHAPTER 64

21 33-64-1.

22 As used in this chapter, the term:

23 (1) 'Coastal area' or 'coastal zone' means all tidally influenced waters and submerged land
24 seaward to the state's jurisdictional limits and all lands, submerged lands, waters, and

other resources within the Counties of Brantley, Bryan, Camden, Charlton, Chatham, Effingham, Glynn, Long, Liberty, McIntosh, and Wayne.

(2) 'Legal residence' means the taxpayer's legal residence.

(3) 'Qualified catastrophe expenses' means expenses paid or incurred by reason of a major disaster that has been declared by the Governor to be an emergency by executive order.

(4) 'Qualified deductible' means the deductible for the individual's homeowner's policy for a taxpayer's legal residence.

33-64-2.

(a)(1) An individual taxpayer is allowed a deduction from the tax imposed pursuant to Chapter 7 of Title 48 for amounts contributed to a catastrophe savings account in accordance with paragraph (3) of subsection (b) of this Code section.

(2) All interest income earned by the catastrophe savings account is exempt from the tax imposed pursuant to Chapter 7 of Title 48 as provided in this chapter.

(b)(1) As used in this chapter, 'catastrophe savings account' means a regular savings account or money market account established by an insurance policyholder for residential property in this state to cover an insurance deductible under an insurance policy for the taxpayer's legal residence property that covers hurricane, rising flood waters, or catastrophic windstorm event damage or by an individual to cover self-insured losses for the taxpayer's legal residence from a hurricane, rising flood waters, or catastrophic windstorm event. The account must be labeled as a catastrophe savings account in order to qualify as a catastrophe savings account as defined in this chapter. A taxpayer shall establish only one catastrophe savings account and shall specify that the purpose of the account is to cover the amount of insurance deductibles and other uninsured portions of risks of loss from hurricane, rising flood waters, or catastrophic windstorm event.

(2) A catastrophe savings account is not subject to attachment, levy, garnishment, or legal process in this state.

(3) The total amount that may be contributed to a catastrophe savings account shall not exceed:

(A) In the case of an individual whose qualified deductible is less than or equal to \$1,000.00, \$2,000.00;

(B) In the case of an individual whose qualified deductible is greater than \$1,000.00, the amount equal to the lesser of \$15,000.00 or twice the amount of the taxpayer's qualified deductible; or

(C) In the case of a self-insured individual who chooses not to obtain insurance on his or her legal residence, up to \$250,000.00, but this amount shall not exceed the fair market value of the individual taxpayer's legal residence.

(4) If a taxpayer contributes in excess of the limits provided in paragraph (3) of this subsection, the taxpayer shall withdraw the amount of the excess contributions and include that amount in Georgia income for purposes of Chapter 7 of Title 48 in the year of withdrawal.

33-64-3.

(a) A distribution from a catastrophe savings account shall be included in the income of the taxpayer unless the amount of the distribution is used to cover qualified catastrophe expenses.

(b) No amount is included in income, pursuant to subsection (a) of this Code section, if the qualified catastrophe expenses of the taxpayer during the taxable year are equal to or greater than the aggregate distributions during the taxable year.

(c) If aggregate distributions exceed the qualified catastrophe expenses during the taxable year, the amount otherwise included in income shall be reduced by the amount of the distributions for qualified catastrophe expenses.

(d)(1) The tax paid pursuant to Chapter 7 of Title 48 attributable to a taxable distribution shall be increased by 2.5 percent of the amount which is includable in income.

(2) This additional tax does not apply if the:

(A) A taxpayer no longer owns a legal residence; or

(B) Distribution is from an account conforming with Code Section 33-64-2 and is made on or after the date on which the taxpayer attains the age of 70.

(e)(1) No amount is includable in taxable income, pursuant to subsection (a) of this Code section, if the distribution is from an account conforming with Code Section 33-64-2 and is made on or after the date on which the taxpayer attains the age of 70.

(2) If a taxpayer receives a nontaxable distribution under this subsection, the taxpayer shall not make further contributions to any catastrophe savings account.

(f) If a taxpayer who owns a catastrophe savings account dies, his or her account is included in the income of the person who receives the account, unless that person is the surviving spouse of the taxpayer. Upon the death of the surviving spouse, the account is included in the income of the person who receives the account. The additional tax in subsection (d) of this Code section does not apply to distribution on death of the taxpayer or the surviving spouse.

33-64-4.

(a) An individual taxpayer is allowed a credit against the tax imposed pursuant to Chapter 7 of Title 48 for costs incurred to retrofit, as specified in subsection (b) of this Code section, a structure qualifying as the taxpayer's legal residence pursuant to Chapter 7 of Title 48 to make it more resistant to loss due to hurricane, rising flood waters, or catastrophic windstorm event.

(b) In order to qualify for the state income tax credit allowed pursuant to this Code section, costs to retrofit shall not include ordinary repair or replacement of existing items and shall be associated with those fortification measures defined in subsection (c) of this Code section and shall increase the residence's resistance to hurricane, rising flood waters, or catastrophic windstorm event damage, as defined by the Commissioner by regulation.

(c) The fortification measures qualifying for the state income tax credit allowed pursuant to this Code section shall be promulgated by the department by regulation.

(d) The tax credit allowed pursuant to this Code section for any taxable year shall not exceed the lesser of:

(1) Twenty-five percent of the cost incurred; or

(2) One thousand dollars.

(e) The cost of items that otherwise qualify for the credit that are purchased with grant funds awarded pursuant to Code Section 33-64-34 are not eligible for this credit if the grants are not included in the income of the taxpayer.

33-64-5.

(a) An individual taxpayer is allowed a credit from the income tax imposed pursuant to Chapter 7 of Title 48 for Georgia state sales or use taxes paid on purchases of tangible personal property used to retrofit the individual's legal residence pursuant to Code Section 33-64-4. The credit amount is calculated by multiplying by 6 percent the purchase price of tangible personal property for which the individual may claim the income tax credit in this Code section. The maximum credit allowed under this Code section is \$1,500.00.

(b) The cost of items that otherwise qualify for the credit that are purchased with grant funds awarded pursuant to Code Section 33-64-34 are not eligible for this credit if the grants are not included in the income of the taxpayer.

33-64-6.

(a) An individual taxpayer may claim a credit against the income tax imposed pursuant to Chapter 7 of Title 48 for excess premium paid during the applicable tax year for property and casualty insurance, provided the coverage is on the taxpayer's legal residence.

(b) For the purposes of computing the credit allowed by this Code section, excess premium paid is the amount by which the premium paid exceeds 5 percent of the taxpayer's adjusted gross income.

(c)(1) The credit allowed pursuant to this Code section for any taxable year may not exceed \$1,250.00.

(2) If the credit allowed under this Code section exceeds the state income tax liability for the taxable year, any unused credit may be carried forward for five succeeding taxable years.

33-64-7.

(a) If the Governor declares a state of emergency, the Commissioner may issue one or more emergency regulations applicable to all insurance companies, entities, and persons that are subject to this title.

(b) An emergency regulation promulgated under this Code section becomes effective upon issuance and continues for 120 days unless terminated sooner by the Commissioner. The Commissioner may extend an emergency regulation for additional periods of 120 days, whether or not the General Assembly is in session, for as long as he or she determines that the conditions that gave rise to the emergency regulation still exist. By concurrent resolution, the General Assembly may terminate an emergency regulation issued under this Code section.

33-64-8.

(a) By an emergency regulation, the Commissioner may adopt any procedure that facilitates recovery from the emergency and is fair under the circumstances if the:

(1) Procedure provides at least the procedural protection given by other statutes, the Constitution of this state, or the United States Constitution;

(2) Department takes only that action necessary to protect the public interest under the emergency procedure; and

(3) Department publishes in writing, at the time of or before its action, the specific facts and reasons for finding an immediate danger to the public health, safety, or welfare and its reasons for concluding that the procedure used is fair under the circumstances.

(b) Subject to applicable constitutional and statutory provisions, an emergency regulation becomes effective immediately on filing.

33-64-9.

(a) The department may promulgate by emergency regulation standardized requirements that may be applied to insurers as a consequence of a hurricane, rising flood waters, or catastrophic windstorm. The emergency regulations must address the following areas:

(1) Claims reporting requirements;

(2) Grace periods for payment of premiums and performance of other duties by insureds;

(3) Temporary postponement of cancellations and nonrenewals; and

(4) Any other rule the Commissioner considers necessary.

(b) The emergency regulations adopted under this Code section shall require the department to issue an order within ten days after the occurrence of a hurricane, rising flood waters, or catastrophic windstorm specifying, by line of insurance, which of the standardized requirements apply, the geographic areas in which they apply, the time at which applicability commences, and the time at which applicability terminates.

33-64-10.

The department may promulgate the rules and regulations necessary to implement the provisions of this chapter.

33-64-11.

(a) A licensed insurer providing full property and casualty coverage, to specifically include wind and hail coverage, to property owners within the area to be defined by regulation, including any portion of the area as it may be expanded from time to time, may claim as a nonrefundable credit against the premium tax imposed by Georgia law in an amount equal to 25 percent of the tax that otherwise is due on the premium written for the property owners for the taxable year.

(b) The credit allowed by this Code section is available only to an insurer licensed or authorized to do business in this state with respect to a property and casualty insurance policy providing full coverage as defined in subsection (a) of this Code section.

(c) A licensed insurer who claims the credit allowed by this Code section shall provide information required by the department to demonstrate that the taxpayer is eligible for the credit and that the amount paid for premiums for which the credit is claimed was not excluded from the licensed insurer's gross income for the taxable year.

(d) The tax credit allowed under this Code section for a taxable year may be claimed only once for any one structure, regardless of the number of policies written on the structure.

(e) The department shall take the action necessary to monitor and examine the use of the credits claims under this Code section.

(f) This Code section applies to all new policies issued with an effective date after December 31, 2010.

33-64-12.

(a) All insurers, at the issuance of a new policy and at each renewal, clearly shall notify the applicant or policyholder of a personal lines residential property insurance policy of the availability and the range of each premium discount, credit, other rate differential, or reduction in deductibles for properties on which fixtures or construction techniques demonstrated to reduce the amount of loss in a hurricane, rising flood waters, or catastrophic windstorm have been installed or implemented. The notice must describe generally what measures the policyholders may take to reduce their hurricane, rising flood waters, or catastrophic windstorm premium.

(b) All insurers, at the issuance of a new policy and at each renewal of a commercial property insurance policy, shall include a notice that advises the policyholder that a reduction in premium may be available if the policyholder has taken steps to prevent or reduce damage from a hurricane, rising flood waters, or catastrophic windstorm and that the policyholder may contact its agent, broker, or insurer for additional information.

(c) This Code section applies to policies issued or renewed after December 31, 2010.

33-64-13.

The Commissioner must hold a public hearing at least annually at a location within the seacoast area to provide the public with information and an opportunity to discuss and offer input concerning the rates, territory, and other pertinent issues regarding the availability of property insurance. The Commissioner must provide notice of the public hearing in newspapers of general circulation within the seacoast area at least 30 days before the date of the public hearing. The Commissioner must submit a report to the President of the Senate and the Speaker of the House of Representatives by no later than January 31 of each year regarding the status of coastal property insurance, including any recommended modifications to statutory or regulatory law regarding the operation of the Georgia Wind and Hail Underwriting Association and its territory.

33-64-14.

Nothing in this chapter prevents the Commissioner from considering the impact on individual territories or individual insureds when determining whether the rate is excessive, inadequate, or unfairly discriminatory. Rate level increases or decreases falling within the limitation specified in this chapter must comply with the requirements of this title prohibiting rate increases from being excessive, inadequate, or unfairly discriminatory.

This chapter does not apply to private passenger automobile insurance nor to insurance against liability arising out of the ownership, maintenance, or the use of an individual private passenger automobile.

33-64-15.

Rating plans for essential property insurance in the coastal area shall include discounts and credits or surcharges and debits calculated upon the following rating factors:

(1) Use of storm shutters;

(2) Use of roof tie downs;

(3) Construction standards;

(4) Building codes;

(5) Distance from water;

(6) Elevation;

(7) Flood insurance;

(8) Policy deductibles; and

(9) Other applicable factors requested by the insurer or rating organization or selected by order of the Commissioner involving the risk or hazard.

The department may by regulation define how the implementation of these factors qualify for credits or discounts. The regulation must specify what evidence or proof the policyholder or applicant shall present to obtain the credit or discount. This Code section applies to policies issued or renewed after December 31, 2010.

33-64-16.

(a) There is created the Georgia Wind and Hail Underwriting Association, an unincorporated association whose responsibilities, liability, and regulations are governed and defined by this chapter. The association shall function as a residual market mechanism to provide wind and hail insurance for residential and commercial property to applicants who are unable to procure this insurance in the coastal area.

(b) The association consists of all private insurers authorized to write and engage in writing property insurance within this state on a direct and state-wide basis, but excluding insurers whose writings are limited to property wholly owned by parent, subsidiary, or allied organizations or insurers whose writings are limited to property wholly owned by religious organizations. However, as a condition of exemption from membership, these insurers providing property insurance for insurable property in the coastal area as defined by this chapter also shall provide essential property insurance for these risks. Each insurer must be a member of the association and shall remain a member of the association so long

as the association is in existence as a condition of its authority to continue to transact the business of insurance in this state.

33-64-17.

(a) The association shall operate pursuant to a plan of operation which provides for the following:

(1) The number, qualifications, terms of office, and manner of election of the members of the board of directors, provided that four members of the board of directors must be consumers who are representative of business policyholders, residential single-family dwelling policyholders, and apartment, condominium, or multiple-family dwelling policyholders, and who are selected from recommendations from the members of the legislative delegations from the coastal area;

(2) The efficient, economical, fair, and nondiscriminatory administration of the association;

(3) The prompt and efficient provision of essential property insurance in the coastal areas of the state;

(4) The manner of election of officers;

(5) The establishment of necessary facilities;

(6) The management of the association;

(7) The assessment of members to defray losses and expenses;

(8) Reasonable underwriting standards, rating subdivisions, and rates including, but not limited to, developing multiple tiered rates within the coastal area territory that reflect the relative risks of the properties located within a particular tier;

(9) Commissions to be paid to agents or brokers;

(10) Procedures for an open, competitive process for the acceptance and cession of reinsurance and for determining the amounts of insurance to be provided to specific risks;

(11) Time limits and procedures for processing applications for insurance; and

(12) Other provisions considered necessary by the Commissioner or his or her designee to carry out the purposes of this chapter.

(b) Insurance effected pursuant to this chapter must have limits of liability provided in the plan of operation. The Commissioner shall approve the limits. Excess insurance is not permitted until the maximum available under the plan has been purchased. After that, excess insurance may be purchased and must be included for the purpose of meeting any coinsurance requirement.

(c) The board of the association, subject to the approval of the Commissioner, may amend the plan of operation at any time. The Commissioner shall review the plan of operation annually. The Commissioner shall review the rate structure and loss experience

semiannually. After review of the plan, the Commissioner may amend the plan and the amendment takes effect immediately upon ratification by the board.

33-64-18.

(a) A person having an insurable interest in insurable property is entitled to apply to the association for coverage and for an inspection of the property. The application must be made on behalf of the applicant by a licensed broker or agent authorized by him or her. An application must be submitted on a form prescribed by the association and approved by the Commissioner. The application must contain a statement as to whether or not there are any unpaid premiums due from the applicant for fire insurance on the property. The term 'insurable interest' as used in this Code section includes any lawful and substantial economic interest in the safety or preservation of property from loss, destruction, or pecuniary damage.

(b) If the association determines that the property is insurable and that there is no unpaid premium due from the applicant for prior insurance on the property, the association upon receipt of the premium, or a portion of it as is prescribed in the plan of operation, shall cause to be issued a policy of essential property insurance for a term of at least one year.

(c) If the association, for any reason, denies an application and refuses to cause to be issued an insurance policy on insurable property to an applicant or takes no action on an application within the time prescribed in the plan of operation, the applicant may appeal to the Commissioner and the Commissioner or a member of his or her staff designated by him or her, after reviewing the facts, may direct the association to issue or cause to be issued an insurance policy to the applicant. In carrying out his or her duties pursuant to this section, the Commissioner may request, and the association shall provide, any information the Commissioner considers necessary to a determination concerning the reasons for the denial or delay of the application.

33-64-19.

(a) The association, pursuant to the provisions of this chapter and the plan of operation, and with respect to essential property insurance on insurable property, has the power on behalf of its members to:

(1) Cause to be issued policies of insurance to applicants;

(2) Assume reinsurance from its members;

(3) Cede reinsurance to its members and to purchase reinsurance on risks insured by the association in amounts that are in accordance with procedures adopted by the board;

(4) Receive, hold, and transfer personal and real property in the name of the association;

(5) Contract for goods and services that may not be reasonably performed by its employees;

(6) Solicit and accept goods, loans, and grants in the name of the association;

(7) Borrow funds; and

(8) Issue bonds, surplus notes, or other debentures.

(b) The association, pursuant to the provisions of this chapter and the plan of operation, and with respect to essential property insurance on insurable property, shall perform other acts necessary or proper to effectuate the purpose of this Code section.

33-64-20.

(a) All members of the association shall participate in its writings, expenses, profits, and losses in the proportion that the net direct premium of the member written in this state during the calendar year two years before the current year bears to the aggregate net direct premiums written in this state by all members of the association, as certified to the association by the department after review of annual statements, other reports, and other statistics which the department considers necessary to provide the information required and which the department is authorized to obtain from a member of the association. After certification by the department, the association may rely on the member company's annual statement in determining the company's participation in profits and losses for each year.

(b) Each member's participation in the association must be determined annually in the same manner as the initial determination. An insurer authorized to write and engage in writing insurance, the writing of which requires the insurer to be a member of the association, becomes a member of the association on January first immediately following the authorization. The determination of the insurer's participation in the association must be made as of the date of the membership in the same manner as for all other members of the association. Member insurers shall receive credit annually for essential property insurance voluntarily written in the coastal area and their participation in the writings of the association must be reduced accordingly. The board of directors shall authorize the method of determining the credit. In order to receive credit for essential property voluntarily written in the coastal area, each member company shall submit its requests by March 31 of the year preceding the year for which credit is sought.

(c) The assessment of a member insurer after hearing may be ordered deferred in whole or in part upon application by the insurer if, in the opinion of the Commissioner, payment of the assessment would render the insurer insolvent or in danger of insolvency or would otherwise leave the insurer in a condition so that further transaction of the insurer's business would be hazardous to its policyholders, creditors, members, subscribers, stockholders, or the public. If payment of an assessment against a member insurer is

deferred by order of the Commissioner in whole or in part, the amount by which the assessment is deferred must be assessed against other member insurers in the same manner as provided in this Code section. In his or her order of deferral, or in necessary subsequent orders, the Commissioner shall prescribe a plan by which the assessment so deferred must be repaid to the association by the impaired insurer with interest at the six-month treasury bill rate adjusted semiannually. Profits, dividends, or other funds of the association to which the insurer is otherwise entitled must not be distributed to the impaired insurer but must be applied toward repayment of an assessment until the obligation has been satisfied. The association shall distribute the repayments, including interest, to the other member insurers on the basis at which assessments were made.

33-64-21.

(a) If a member company perceives an assessment or interest levied by the association to be unjust or illegal, the company shall pay the assessment or interest under protest in writing within 30 days of the assessment or interest charge. Upon receiving this payment, the association shall pay the money collected into the association account and designate the money as having been paid under protest.

(b) A member company paying an assessment or interest under protest shall appeal to the association within 30 days after making the payment. If it is determined in that appeal that the assessment or interest was collected unjustly or illegally, the association shall refund the assessment or interest to the payor.

(c) If a member company fails to pay an assessment or interest within 30 days of the assessment or interest charge by the association, the company is subject to disciplinary rules and procedures to be promulgated by the Commissioner.

33-64-22.

There may be no liability on the part of and no cause of action of any nature may arise against the department or any of its staff or the association or its agents, employees, or any participating insurer for any inspections made under this chapter or any statements made in good faith by them in any reports or communications concerning risk submitted to the association or at any administrative hearings conducted in connection with it under the provisions of this chapter.

33-64-23.

There is no liability on the part of, and no cause of action of any nature may arise against, any member insurer, the association's agents or employees, the board of directors, or the Commissioner, his or her designees, or his or her representatives for any act or omission

400 in the performance of their powers and duties under this chapter. This Code section does
401 not relieve the association of any of its liability.

402 33-64-24.

403 No liability on the part of, and no cause of action of any nature may arise against, the
404 Commissioner, the department or its staff, the association, any member insurer, the
405 association's agents or employees, its board of directors, or the legal representatives of any
406 of the above persons, for any act or omission made in good faith or for any statement made
407 to, or for information provided to, any insurer regarding rates; premiums; classifications;
408 cancellations, determinations, or nonrenewals of coverage; underwriting; inspections; or
409 claims experience history made to facilitate the underwriting of essential property
410 insurance for risks in the coastal area by private insurers or to facilitate competition for the
411 underwriting of essential property insurance for risks in the coastal area among private
412 insurers.

413 33-64-25.

414 A member of the association who is designated to receive and write essential property
415 insurance from or through the association shall cede 100 percent to the association the
416 essential property insurance.

417 33-64-26.

418 (a) The rates, rating plans, and rating rules applicable to the insurance written by the
419 association are those approved for use of the association by the Commissioner. Surcharges
420 may be used as approved by the Commissioner. Rates may include rules for classification
421 of risks insured under the provisions of this chapter and rate modifications of it.

422 (b) As a residual market mechanism, the association is not intended to offer rates
423 competitive with the admitted market. Rates for policies issued by the association must be
424 adequate and established at a level that permits the association to operate as a
425 self-sustaining mechanism. The association shall maintain the necessary rate-making data
426 in order to permit the actuarial determination of rates and rating plans appropriate for the
427 business insured by the association. The association shall monitor rate adequacy and shall
428 notify the Commissioner semiannually to enable the Commissioner to take corrective
429 action by an order.

430 33-64-27.

431 (a) A person insured pursuant to this chapter or his or her representative or a member
432 company who is aggrieved by an act, ruling, or decision of the association:

(1) Regarding rates, classification of risks, assessments, voluntary credits, cancellation or termination of policies, or underwriting shall appeal to the Commissioner within 60 days after the act, ruling, or decision; and

(2) Other than those specified in paragraph (1) of this subsection, may appeal to the Commissioner within 30 days after the act, ruling, or decision.

(b) A hearing held by the Commissioner pursuant to this Code section must be in accordance with the procedures set forth in Code Section 33-2-17.

33-64-28.

All reports of inspection performed by or on behalf of the association must be made available to the members of the association, applicants, agents, brokers, and the department.

33-64-29.

The association shall file with the department by December 31 of each year a statement which summarizes the transactions, conditions, operations, and affairs of the association during the preceding fiscal year ending July 31. The statement must contain any matters and information prescribed by the department and must be in the form required by it. The department may at any time require the association to furnish to it any additional information with respect to its transactions or any other matter which it considers material to assist it in evaluating the operation and experience of the association.

33-64-30.

The department may make an examination into the affairs of the association and in undertaking the examination may hold a public hearing. The expense of the examination must be borne and paid by the association.

33-64-31.

The department has authority to make reasonable regulations, not inconsistent with law, to enforce, carry out, and make effective the provisions of this chapter.

33-64-32.

(a) In order to maintain stability in the property insurance market and to assure the continued, consistent availability of essential property insurance coverage in the coastal area, the Commissioner may expand the coastal area in which the association shall provide essential property insurance for periods up to 24 months. The order is subject to renewal

by the Commissioner but no renewal shall exceed 24 months. In determining whether expansion of the coastal area is warranted, the Commissioner shall consider:

(1) Changes in the number of insurers writing essential property insurance in the coastal area and the capacity of those insurers including, but not limited to, the number of policies those insurers have canceled or nonrenewed, during the previous 12 months;

(2) Changes in the extent to which nonadmitted or surplus lines insurers are providing essential property insurance in the coastal area;

(3) Changes in reinsurance activity impacting insurers writing essential property insurance in the coastal area;

(4) Changes in the demand for property insurance in the coastal area; and

(5) Any other information considered relevant to effectuate the purpose of this chapter including, but not limited to, the availability of essential property insurance coverage for insurable property that is within the coastal area.

(b) The Commissioner shall find and declare the existence of conditions that threaten to destabilize the property insurance market and jeopardize the continued, consistent availability of essential property insurance in the coastal area. The Commissioner shall utilize market surveys, data calls, catastrophe models, reinsurance information, and other objective sources to support the order of expansion.

(c)(1) The Commissioner may expand the coastal area in which the association shall provide essential property insurance. The expansion may encompass a portion of the coastal area or the entire coastal area but may not extend further than the coastal area. The area must not be expanded more than reasonably necessary to ensure a stable property insurance market.

(2) In expanding the coastal area, the Commissioner may provide for the coastal area territory to be divided into multiple tiers to allow the association to develop multiple tiered rates that reflect the relative risks of the properties located within a particular tier.

(3) An expansion of the coastal area is subject to the plan of operation as amended and approved by the Commissioner.

(4) The Commissioner shall report any expansion of the coastal area to the General Assembly within 30 days of the order of expansion or upon commencement of the next term of the General Assembly, if expansion occurs when the General Assembly is not in session.

33-64-33.

(a) The Commissioner shall appoint an advisory committee to study issues associated with the development of strategies for reducing loss of life and mitigating property losses due to hurricane, earthquake, and fire. The advisory committee also shall consider the costs

associated with these strategies to individual property owners. The advisory committee shall be composed of:

(1) The Commissioner;

(2) The chairperson of the Building Codes Council or his or her designee;

(3) A representative from Georgia Institute of Technology involved with wind engineering;

(4) A representative from an academic institution involved with the study of earthquakes;

(5) A representative from an insurer writing property insurance in Georgia;

(6) A representative from the Georgia Municipal Association;

(7) A representative from the Association County Commissioners of Georgia;

(8) A representative from the Homebuilders Association of Georgia;

(9) A representative from the Georgia Manufactured Housing Association;

(10) A representative from the Georgia Emergency Management Agency;

(11) A representative from the Georgia Association of Floodplain Management;

(12) Two at-large members appointed by the Commissioner;

(13) Two at-large members appointed by the Governor;

(14) A general contractor;

(15) A representative from the Georgia Association of Realtors; and

(16) A structural engineer.

(b) Members shall serve for terms of two years and shall receive no per diem, mileage, or subsistence. Vacancies must be filled in the same manner as the original appointment.

(c) Within 30 days after its appointment, the advisory committee shall meet at the call of the Commissioner. The advisory committee shall elect from its members a chairperson and a secretary and shall adopt rules not inconsistent with this chapter. Meetings may be called by the chairperson on his or her own initiative and must be called at the request of three or more members of the advisory committee. All members must be notified by the chairperson of the time and place of the meeting at least seven days in advance of the meeting. All meetings must be open to the public. At least a two-thirds' vote of those members in attendance at the meeting shall constitute an official decision of the advisory committee. Implementation of this program and continued existence of this program is subject to the availability of funding through legislative appropriations or alternative funding sources.

33-64-34.

(a) There is established within the department a loss mitigation grant program. Funds may be appropriated to the grant program, and any funds appropriated shall be used for the purpose of making grants to local governments or for the study and development of

strategies for reducing loss of life and mitigating property losses due to hurricane, flood, earthquake, and fire. Grants to local governments must be for the following purposes:

(1) Implementation of building code enforcement programs including preliminary and ongoing training of inspectors;

(2) Conducting assessments to determine need for and desirability of making agreements to provide enforcement services; and

(3) Providing technical assistance to and acting as an information resource for local governments in the development of proactive hazard mitigation strategies as they relate to reducing the loss of life and mitigating property losses due to natural hazards to include hurricane, flood, earthquake, and fire.

(b) Funds may be appropriated for a particular grant only after a majority affirmative vote on each grant by the advisory committee.

(c) The department may make application and enter into contracts for and accept grants in aid from federal and state government and private sources for the purposes of:

(1) Implementation of building code enforcement programs including preliminary and ongoing training of inspectors;

(2) Conducting assessments to determine need for and desirability of making agreements to provide enforcement services;

(3) Study and development of strategies for reducing loss of life and mitigating property losses due to hurricane, flood, earthquake, and fire; and

(4) Any other purposes consistent with this chapter.

33-64-35.

(a) There is established within the department the Georgia Hurricane Damage Mitigation Program. The advisory council shall provide advice and assistance to the program administrator with regard to his or her administration of the program.

(b) This Code section does not create an entitlement for property owners or obligate the state in any way to fund the inspection or retrofitting of residential property in this state. Implementation of this program is subject to annual legislative appropriations.

(c) The program shall develop and implement a comprehensive and coordinated approach for hurricane damage mitigation that includes the following:

(1) The program administrator shall apply for financial grants to be used to assist single-family, site-built or manufactured or modular, owner occupied, residential property owners to retrofit their properties to make them less vulnerable to hurricane damage;

(2)(A) To be eligible for a grant, a residential property must:

(i) Have been granted a homestead exemption;

(ii) Be a dwelling with an insured value of \$300,000.00 or less; and

(iii) Have undergone an acceptable wind certification and hurricane mitigation inspection.

(B) All grants must be matched on a dollar-for-dollar basis for a total of \$10,000.00 for the mitigation project with the state's contribution not to exceed \$5,000.00.

(C) The program must create a process in which mitigation contractors agree to participate and seek reimbursement from the state and homeowners selected from a list of participating contractors. All mitigation must be based upon the securing of all required local permits and inspections. Mitigation projects are subject to random reinspection of up to at least ten percent of all projects.

(D) Matching fund grants also must be made available to local governments and nonprofit entities for projects that reduce hurricane damage to single-family, site-built or manufactured or modular owner occupied, residential property.

(E) Grants may be used for the following improvements:

(i) Roof deck attachment;

(ii) Secondary water barrier;

(iii) Roof covering;

(iv) Brace gable ends;

(v) Reinforce roof-to-wall connections;

(vi) Opening protection;

(vii) Exterior doors, including garage doors;

(viii) Tie downs;

(ix) Problems associated with weakened trusses, studs, and other structural components;

(x) Inspection and repair or replacement of manufactured home piers, anchors, and tiedown straps; and

(xi) Any other mitigation techniques approved by the advisory committee.

(F)(i) Low-income homeowners, who otherwise meet the requirements of subparagraphs (A) and (C) of this paragraph are eligible for a grant of up to \$5,000.00 and are not required to provide a matching amount to receive the grant. These grants must be used to retrofit single-family, site-built or manufactured or modular, owner occupied, residential properties, valued at \$150,000.00 or less, in order to make them less vulnerable to hurricane damage.

(ii) For purposes of this subparagraph, 'low-income persons' means one or more natural persons or a family, the total annual adjusted gross household income of which does not exceed 80 percent of the median annual adjusted gross income for households within the county in which the person or family resides, whichever is greater;

(3) The department shall define by regulation the details of the mitigation measures necessary to qualify for the grants or public assistance described in this Code section;

(4) Multimedia public education, awareness, and advertising efforts designed to specifically address mitigation techniques must be employed, as well as a component to support ongoing consumer resources and referral services;

(5) The department shall use its best efforts to obtain grants or funds from the federal government to supplement the financial resources of the program. In addition to state appropriations, if any, this program must be implemented by the department through the use of the premium taxes due to this state by the Georgia Wind and Hail Underwriting Association, and 1 percent of the premium taxes collected annually and remitted to the department; and

(6) The Commissioner may promulgate regulations necessary to implement the provisions of this Code section.

33-64-36.

(a) The department, in consultation with the Governor's Office of Consumer Affairs, the Federal Alliance for Safe Homes, the Georgia Manufactured Housing Association, the Building Officials Association of Georgia, the Home Builders Association of Georgia, the Civil Engineering Department of the Georgia Institute of Technology, and the Institute for Business and Homes Safety shall study and prepare a proposal to develop an objective rating system that will allow homeowners to evaluate the relative ability of Georgia's coastal properties to withstand the wind load from a hurricane.

(b) The rating system must be designed in a manner the property owner may easily understand, based on proven readily verifiable mitigation techniques and devices, and able to be implemented through a visual inspection program. The rating system must be designed to facilitate a home inspection process to determine a home's existing as well as projected wind resistance capabilities.

(c) The rating system must contemplate the use of certified wind resistance and loss mitigation inspectors.

(d) The department must provide a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives by March 5, 2011, detailing the nature and construction of the rating scale, its projected effectiveness based on implementation in a pilot program, an operational plan for state-wide implementation of the rating scale, and any recommendations for additional legislation.

33-64-37.

The modeling organization shall submit a supplemental report to the Commissioner following any substantially material revision of the model if the revision is used by insurers in determining rates for this state. The supplemental report must specify the changes made to the catastrophe model, specify a list of variables that are subject to insurer input, and contain one or more statements by experts attesting to the continuing validity of the model for use in predicting losses associated with natural hazard catastrophes in this state.

33-64-38.

(a) To recover the costs associated with the review and evaluation of catastrophe models, the Commissioner may impose a filing fee on:

(1) All insurers who use catastrophe or other computer simulated models; and

(2) Modelers or modeling organizations that submit a model to the department for its review, evaluation, or approval. This fee shall be retained by the department to defray the costs of retaining actuaries and other experts to evaluate such models.

(b) The fees collected pursuant to this Code section shall be used only to offset expenses associated with the review of catastrophe models.

33-64-39.

(a) No insurance policy or renewal thereof may be canceled by the insurer prior to the expiration of the term stated in the policy, except for one of the following reasons:

(1) Nonpayment of premium;

(2) Material misrepresentation of fact which, if known to the company, would have caused the company not to issue the policy;

(3) Substantial change in the risk assumed, except to the extent that the insurer should reasonably have foreseen the change or contemplated the risk in writing the policy;

(4) Substantial breaches of contractual duties, conditions, or warranties; or

(5) Loss of the insurer's reinsurance covering all or a significant portion of the particular policy insured or where continuation of the policy would imperil the insurer's solvency or place that insurer in violation of the insurance laws of this state. Prior to cancellation for reasons permitted in this paragraph, the insurer shall notify the Commissioner, in writing, at least 60 days prior to such cancellation and the Commissioner shall, within 30 days of such notification, approve or disapprove such action.

(b) Cancellation under paragraph (1) of subsection (a) of this Code section is not effective unless written notice of cancellation has been delivered or mailed to the insured and the agent of record, if any, not less than ten days prior to the proposed effective date of cancellation. Cancellation under paragraphs (2) through (5) of subsection (a) of this Code

section is not effective unless written notice of cancellation has been delivered or mailed to the insured and the agent of record, if any, not less than 30 days prior to the proposed effective date of cancellation. The notice must be given or mailed to the insured and the agent at their addresses shown in the policy or, if not reflected therein, at their last known addresses. Any notice of cancellation shall state the precise reason for cancellation. Proof of mailing is sufficient proof of notice.

(c) Subsections (a) and (b) of this Code section do not apply to any insurance policy which has been in effect for less than 120 days and is not a renewal of a previously existing policy. The policy may be canceled for any reason by furnishing to the insured at least 30 days' written notice of cancellation, except where the reason for cancellation is nonpayment of premium, in which case not less than ten days' written notice must be furnished.

(d) For purposes of paragraph (3) of subsection (a) of this Code section, substantial change in the risk assumed, if based upon changes in climatic conditions, must be based on statistical data relative to Georgia that has been approved by the Commissioner as a basis for substantial change in the risk assumed.

33-64-40.

(a) No insurance policy may be nonrenewed by an insurer except in accordance with the provisions of this Code section, and any nonrenewal attempted which is not in compliance with this Code section is ineffective.

(b) A policy written for a term of one year or less may be nonrenewed by the insurer at its expiration date by giving or mailing written notice of nonrenewal to the insured and the agent of record, if any, not less than 60 days prior to the expiration date of the policy for any nonrenewal that would be effective between November 1 and May 31 and not less than 90 days for any nonrenewal that would be effective between June 1 and October 31.

(c) A policy written for a term of more than one year or for an indefinite term may be nonrenewed by the insurer at its anniversary date by giving or mailing written notice of nonrenewal to the insured and the agent of record, if any, not less than 60 days prior to the anniversary date of the policy for any nonrenewal that is effective between November 1 and May 31 and not less than 90 days prior to the anniversary date of the policy for any nonrenewal that is effective between June 1 and October 31.

(d) The notice required by this Code section must be given or mailed to the insured and the agent at their addresses shown in the policy or, if not reflected therein, at their last known addresses. Proof of mailing is sufficient proof of notice.

(e) Any notice of nonrenewal shall state the precise reason for nonrenewal.

33-64-41.

(a)(1) A cancellation or refusal to renew by an insurer of a policy of insurance covered in this chapter is not effective unless the insurer delivers or mails to the named insured at the address shown in the policy a written notice of the cancellation or refusal to renew.

This notice must:

(A) Be approved as to form by the Commissioner before use;

(B) State the date not less than 60 days for any cancellation or refusal to renew that is effective between November 1 and May 31 and not less than 90 days for any cancellation or refusal to renew that is effective between June 1 and October 31 after the date of the mailing or delivering on which the cancellation or refusal to renew becomes effective;

(C) State the specific reason of the insurer for cancellation or refusal to renew and provide for the required notification;

(D) Inform the insured of his or her right to request in writing within 30 days of the receipt of notice that the Commissioner review the action of the insurer. The notice of cancellation or refusal to renew must contain the following statement in boldface print to inform the insured of this right:

'IMPORTANT NOTICE: Within 30 days of receiving this notice, you or your attorney may request in writing that the Commissioner review this action to determine whether the insurer has complied with Georgia laws in canceling or nonrenewing your policy. If this insurer has failed to comply with the cancellation or nonrenewal laws, the Commissioner may require that your policy be reinstated. However, the Commissioner is prohibited from making underwriting judgments. If this insurer has complied with the cancellation or nonrenewal laws, the Commissioner does not have the authority to overturn this action.'

(E) Inform the insured of the possible availability of other insurance which may be obtained through his or her agent or through another insurer; and

(F) State that the department has available a buyer's guide regarding property insurance shopping and availability and provide applicable mailing addresses and telephone numbers, including a toll-free number, if available, for contacting the department.

(2) Nothing in this subsection prohibits any insurer or agent from including in the notice of cancellation or refusal to renew any additional disclosure statements required by state or federal laws or any additional information relating to the availability of other insurance.

(b) Subsection (a) of this Code section does not apply if the:

(1) Insurer has manifested to the insured its willingness to renew by actually issuing or offering to the insured to issue a renewal policy, certificate, or other evidence of renewal, or has manifested this intention to the insured by another means;

(2) Named insured has demonstrated by some overt action to the insurer or its agent that he or she expressly intends that the policy be canceled or that it not be renewed; or

(3) Notice of cancellation or refusal to renew by an insurer regarding private passenger automobile insurance or to insurance against liability arising out of ownership, maintenance, or use of an individual private passenger automobile.

33-64-42.

(a) For purposes of this Code section, the term:

(1) 'Georgia coastal captive insurance company' means a captive insurance company, as it is defined by Code Section 33-41-2, that is specifically formed to provide wind and storm surge property insurance coverage in this state.

(2) 'Peril' means the cause of an insured loss.

(3) 'Storm surge' means a temporary rise in sea level accompanying a hurricane or other intense storm that is associated with the hurricane's or storm's low barometric pressure and winds and that is usually measured as the difference between the observed sea level height and the normal sea level height, such as the level that would have occurred in the absence of the storm taking into account the predicted tide.

(4) 'Wind' means windstorms, cyclones, hurricanes, tornadoes, high winds, and hail, and similar perils not normally among those covered under most property insurance policies but obtainable through the purchase of wind, wind and hail, storm or windstorm coverage, or both.

(b) A Georgia coastal captive insurance company, if permitted by its articles of incorporation or organization, operating agreement, or charter, may apply to the Commissioner for a license to write primary and excess wind and storm surge insurance covering property within the State of Georgia and may not write insurance covering any other perils nor may it write insurance coverage in any other state.

(c) A Georgia coastal captive insurance company that qualified as an association captive is exempt from the requirement that the association be in existence for one year so long as the association is in good standing as an entity upon becoming an owner of a Georgia coastal captive insurance company.

(d) A Georgia coastal captive insurance company is exempt from the provisions of Chapter 41 of this title that prohibit a captive insurance company from providing personal homeowners insurance coverage so long as the coverage is limited to the perils of storm surge or wind.

(e) A Georgia coastal captive insurance company may issue directly its own policies to insureds.

(f) Any Georgia coastal captive insurance company that otherwise qualifies for the limited exemption from the provisions of Chapter 41 of this title and any Georgia coastal captive insurance company, regardless of form, that issues policies directly to the public shall comply with the following:

(1) It shall not expose itself to a loss on one risk in an amount exceeding 10 percent of its surplus to policyholders and any risk or portion of it which has been reinsured must be deducted in determining this limitation of risk;

(2) It shall not have loss reserves in excess of five times its surplus to policyholders;

(3) It shall not have net premiums written in excess of three times its surplus to policyholders and any risk or portion of it which has been reinsured must be deducted in determining this limitation of risk; and

(4) It shall file quarterly and annual statements with the department in accordance with statutory accounting principles on forms and in the manner prescribed by the Commissioner.

(g) To conduct business in this state, a Georgia coastal captive insurance company shall:

(1) Obtain from the Commissioner a license authorizing it to conduct business as a Georgia coastal captive insurance company in this state;

(2) Hold at least one meeting of its governing body each year in this state;

(3) Maintain its principal place of business in this state;

(4) Appoint a registered agent to accept service of process and act otherwise on its behalf in this state; and

(5) Name the Commissioner as the agent for the Georgia coastal captive insurance company upon whom process, notice, or demand may be served if a registered agent, with reasonable diligence, is not located and served.

(h) Before receiving a license, a Georgia coastal captive insurance company shall file with the Commissioner:

(1) A certified copy of its organizational documents;

(2) A statement under oath of its president and secretary or other persons considered appropriate by the Commissioner showing its financial condition; and

(3) Other documents required by the Commissioner.

(i) In addition to the information required by subsection (h) of this Code section, the applicant Georgia coastal captive insurance company shall file with the Commissioner evidence of:

(1) The amount and liquidity of its assets relative to the risks to be assumed;

(2) The adequacy of the expertise, experience, and character of the person who manages it;

(3) The overall soundness of its plan of operation;

(4) The adequacy of loss prevention programs;

(5) Other overall factors considered relevant by the Commissioner in ascertaining if the proposed Georgia coastal captive insurance company is able to meet its policy obligations; and

(6) Any other information required by the Commissioner to form a Georgia coastal captive insurance company and fees prescribed by the Commissioner.

(j) Information submitted pursuant to this Code section is confidential, except that information is discoverable by a party in a civil action or contested case to which the Georgia coastal captive insurance company that submitted the information is a party, upon a finding by the court that:

(1) The captive insurance company is a necessary party to the action and not joined only for the purposes of evading the confidentiality provisions of this chapter;

(2) The information sought is relevant, material to, and necessary for the prosecution or defense of the claim asserted in litigation; and

(3) The information sought is not available through another source.

33-64-43.

(a)(1) The Commissioner may not issue a license to a Georgia coastal captive insurance company unless the company possesses and maintains unimpaired paid-in capital of not less than \$1 million; however, in the case of a Georgia coastal captive insurance company formed as a sponsored captive insurance company that does not assume any risk, where the risks insured by the protected cells are homogeneous, the Commissioner may reduce this amount to an amount not less than \$500,000.00.

(2)(A) Except for a Georgia coastal captive insurance company formed as a sponsored captive insurance company that does not assume any risk, the capital must be in the form of cash, cash equivalent, or an irrevocable letter of credit issued by a bank chartered by this state or a member bank of the Federal Reserve System with a branch office in this state or as approved by the Commissioner.

(B) For a Georgia coastal captive insurance company formed as a sponsored captive insurance company that does not assume any risk, the capital also may be in the form of other high quality securities as approved by the Commissioner.

(b) For purposes of subsection (a) of this Code section, the Commissioner may issue a license expressly conditioned upon the Georgia coastal captive insurance company providing to the Commissioner satisfactory evidence of possession of the minimum

required unimpaired paid-in capital. Until this evidence is provided, the captive insurance company may not issue a policy, assume any liability, or otherwise provide coverage. The Commissioner summarily may revoke the conditional license without legal recourse by the company if satisfactory evidence of the required capital is not provided within a maximum period of time, not to exceed one year, to be established by the Commissioner at the time the conditional license is issued.

(c) The Commissioner may prescribe additional capital or net assets based upon the type, volume, and nature of insurance business transacted. Contributions in connection with these prescribed additional net assets or capital must be in the form of:

(1) Cash;

(2) Cash equivalent;

(3) An irrevocable letter of credit issued by a bank chartered by this state or a member bank of the Federal Reserve System with a branch office in this state or as approved by the director.

(d)(1) A Georgia coastal captive insurance company may not pay a dividend out of, or other distribution with respect to, capital or surplus, in excess of the limitations set forth in this Code section without the prior approval of the Commissioner. Approval of an ongoing plan for the payment of dividends or other distributions must be conditioned upon the retention, at the time of each payment, of capital or surplus in excess of amounts specified by or determined in accordance with formulas approved by the Commissioner.

(2) A captive insurance company incorporated as a nonprofit corporation may not make any distributions without the prior approval of the Commissioner.

(f) An irrevocable letter of credit, which is issued by a financial institution other than a bank chartered by this state or a member bank of the Federal Reserve System, shall meet the same standards as an irrevocable letter of credit which has been issued by either entity.

33-64-44.

(a)(1) The Commissioner may not issue a license to a Georgia coastal captive insurance company unless the company possesses and maintains free surplus of not less than \$1 million; however, in the case of a Georgia coastal captive insurance company formed as a sponsored captive insurance company that does not assume any risk, where the risks insured by the protected cells are homogeneous, the director may reduce this amount to an amount not less than \$500,000.00.

(2)(A) Except for a Georgia coastal captive insurance company formed as a sponsored captive insurance company that does not assume any risk, the surplus must be in the form of cash, cash equivalent, or an irrevocable letter of credit issued by a bank

chartered by this state or a member bank of the Federal Reserve System with a branch office in this state and approved by the Commissioner.

(B) For a Georgia coastal captive insurance company formed as a sponsored captive insurance company that does not assume any risk, the surplus also may be in the form of other high quality securities as approved by the Commissioner.

(b) For purposes of subsection (a) of this Code section, the Commissioner may issue a license expressly conditioned upon the captive insurance company providing to the Commissioner satisfactory evidence of possession of the minimum required free surplus. Until this evidence is provided, the captive insurance company may not issue a policy, assume any liability, or otherwise provide coverage. The Commissioner summarily may revoke the conditional license without legal recourse by the company if satisfactory evidence of the required capital is not provided within a maximum period of time, not to exceed one year, to be established by the Commissioner at the time the conditional license is issued.

(c) The Commissioner may prescribe additional surplus based upon the type, volume, and nature of insurance business transacted. This additional surplus must be in the form of:

(1) Cash;

(2) Cash equivalent;

(3) An irrevocable letter of credit issued by a bank chartered by this state or a member bank of the Federal Reserve System with a branch in this state or as approved by the Commissioner.

(d)(1) A captive insurance company may not pay a dividend out of, or other distribution with respect to, capital or surplus in excess of the limitations provided in this chapter, without the prior approval of the Commissioner. Approval of an ongoing plan for the payment of dividends or other distribution must be conditioned upon the retention, at the time of each payment, of capital or surplus in excess of amounts specified by or determined in accordance with formulas approved by the Commissioner.

(2) A captive insurance company incorporated as a nonprofit corporation may not make any distributions without the prior approval of the Commissioner.

(e) An irrevocable letter of credit, which is issued by a financial institution other than a bank chartered by this state or a member bank of the Federal Reserve System, shall meet the same standards as an irrevocable letter of credit which has been issued by either entity.

33-64-45.

The Commissioner has the discretion to restrict the form of a Georgia coastal captive insurance company to one or more of the types of defined captives listed in Chapter 41 of this title and has the discretion to accept or deny an application based on a finding that one

926 or more of the incorporation or organization options available under Chapter 41 of this title
927 are not feasible for a Georgia coastal captive insurance company.

928 33-64-46.

929 The Commissioner, by rule, regulation, or order, may exempt a Georgia coastal captive
930 insurance company, on a case-by-case basis, from provisions of this chapter that are
931 determined to be inappropriate given the nature of the risks to be insured and the intent of
932 this chapter.

933 33-64-47.

934 Confidentiality does not extend to final reports of its financial condition produced by the
935 Commissioner in inspecting or examining a Georgia coastal captive insurance company
936 and does not extend to reports submitted by a Georgia coastal captive insurance company.
937 All work papers, recorded information, documents, and their copies produced by, obtained
938 by, or disclosed to the Commissioner or other persons made under this chapter must be
939 given confidential treatment.

940 33-64-48.

941 (a) A Georgia coastal captive insurance company shall include the following notice on
942 each application form for insurance, as well as the declaration page of each policy, in no
943 less than 14 point boldface type:

944 'NOTICE

945 This policy is issued by a Georgia coastal captive insurance company, which is not
946 subject to all of the insurance laws and regulations of the State of Georgia. State
947 insurance insolvency guaranty funds are not available for a Georgia coastal captive
948 insurance company.'

949 (b) A Georgia coastal captive insurance company shall include the following
950 acknowledgment on each application form for insurance, as well as in each policy, in no
951 less than 14 point boldface type and directly above the applicant's or insured's signature:
952 'I have read the Notice contained in this application (or policy) and understand that State
953 of Georgia insurance insolvency guaranty funds are not available for a Georgia coastal
954 captive insurance company.'

955 33-64-49.

956 The Commissioner may not issue a license to a Georgia coastal captive insurance company
957 unless the Commissioner finds that the:

